A WORLD OF UNMISSABLE

ASX & Media Announcement

oOh!media delivers double-digit organic revenue growth

oOh!media Limited (ASX:OML) (**oOh!**) today announced double-digit organic revenue growth, together with a strong fourth-quarter contribution from the Commute business (formerly Adshel) for the year ended 31 December 2018 ("CY18").

oOh! continues to leverage the reach and diversity of its product portfolio in the Out Of Home media sector with strong revenue growth in Road and ongoing significant improvements in Fly and Locate from the previous year. Organic revenue increased by 10% to $416.8 million.

The strong contribution from the Commute business, which was acquired on 28 September 2018, resulted in total revenue increasing by 27% to $482.6 million.

Total Underlying EBITDA increased by 25% to $112.5 million with organic underlying EBITDA growth (excluding Commute) increased by 5% to $94.2 million.

oOh! remains at the forefront of digital transformation in the Out Of Home industry, and maintains a disciplined approach to digitisation of assets in premium locations across its network. Digital revenue increased by 27% to $288.1 million.

Financial highlights - Group total (including Commute):

- Revenue of $482.6m, up 27% from the year ended 31 December 2017 ("CY17")
- Gross profit of $225.7m, up 29% on CY17
- Gross profit margin of 46.8% compared to 46.2% in CY17
- Operational expenditure increased by 32% on CY17. In addition to the inclusion of Commute's operating costs, oOh! continued to invest in talent and skills in core areas of data science, content, cyber security and client partnerships
- Underlying[1] EBITDA of $112.5m, resulting in an Underlying EBITDA[1] margin of 23.3% compared to 23.7% in CY17
- Underlying NPATA[1,2,3] of $51.1m up 18% on CY17
- NPAT of $31.6m, down 4% on CY17 due to acquisition costs
- Operating cash flows increased by 41%, representing 70% of EBITDA
- Capital expenditure of $40.8m, up 20% on CY17. Like-for-like capital expenditure (excluding Commute) increased by 2% to $34.6m including investment in the Company's operating platform
- Fully franked final dividend of 7.5 cents per share, bringing the full year dividend to 11.0 cents per share fully franked (CY17: 15.0 cents). The reduced dividend per share reflects the 71.7m shares issued under the Entitlement Offer in July 2018. Total dividends for 2018 up 5% on CY17

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[1] Underlying results exclude the impact of acquisition-related expenses, merger-related costs and other items. These items form the reconciliation between segment operating profit before depreciation and amortisation expense and statutory operating profit before depreciation and amortisation expense in Note 4 'Operating segments' of the consolidated financial statements.
[2] NPATA refers to Underlying NPAT before acquired amortisation (after tax)
[3] The CY17 NPATA has been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

Operational highlights:

- Successfully integrating Commute's highly complementary segments of street furniture and rail
- Strong revenue growth in Fly and Locate
- oOh! maintained a balanced and diverse lease maturity profile with 60% of revenue (including Commute) attached to contracts that expire beyond 2021
- Continued delivery of ground-breaking campaigns using different levels of creative content and data across multiple formats, demonstrating the diversity, reach and effectiveness of the oOh! portfolio

Results commentary

oOh!'s CEO, Brendon Cook, said 2018 was a transformational year as the company continued to build a sustainable and growing Out Of Home business for the future.

"The acquisition of Commute brings the highly complementary segments of street furniture and rail to our portfolio. This ensures oOh! has the most diverse and integrated national audience delivery network in the industry, extending our audience reach to well above 90% of the Australian population, and the largest coverage in New Zealand.

"Commute delivered strong revenue and earnings in the fourth quarter and we are successfully integrating the business with a new structure centred on serving our customers.

"As Out Of Home is being transformed by technology, we continue to lead the industry in creating a new media business driven by data, content and innovation.

"We continue our investment in our all-of-business operating system. This is built on advanced machine learning with enhanced technological infrastructure and will enable our clients to leverage our digital sign network and engage with audiences more effectively and efficiently.

"We expect this investment will deliver significant operating efficiencies to oOh!, including optimised property retention, higher sales and margin, and improvements in our staff to revenue ratio.

Product highlights:

- **Commute** revenue in the fourth quarter performed strongly, demonstrating the value of the street furniture and rail segments to oOh!'s portfolio
- **Road** continued to deliver strong double-digit sales growth through its portfolio of high quality digital and classic assets in key locations. Revenue increased by 13%
- **Retail** revenue declined by 2%. An overall 3% decline in Australia was partially offset by double digit growth in New Zealand. This 3% decline in Australia is an improvement on the 5% decline reported for the first half.
- **Fly** continued its strong momentum from the first half of the year, with revenue lifting by 23%, including the revenue contribution from QANTAS In-Flight which was ahead of expectations and demonstrates the value of this innovation
- **Locate** delivered strong double-digit growth, reflecting the momentum from the new positioning following consolidation and integration in CY17 and also reflects oOh!'s ability to target audiences. Revenue increased by 25%
- **Other** revenue represents the contribution from Junkee Media and Cactus Imaging. Junkee's contribution continues to grow, demonstrating oOh!'s ability to target millennial audiences with a combination of platforms

Note - New Zealand's revenue contribution is reflected within the operating products.

Financial position

oOh! successfully arranged $450 million in new debt facilities during the year to refinance existing debt and part fund the acquisition of the Commute business. This facility was increased by $70 million to $520 million in February 2019 to provide further financial capacity to the group. As at 31 December 2018, $410 million was drawn from this facility.

As a result, the net debt/pro forma[4] Underlying EBITDA ratio was 2.6 times at 31 December 2018. This level of gearing remains well within the Company's banking covenants, and oOh! is targeting a return to a leverage ratio below 2.0 times in 2020.

Meanwhile, the business continues to generate strong cash flow with operating cash flow increasing by 41% to $71.2 million compared to CY17.

Reported capital expenditure of $40.8 million increased by 20% on CY17. On a like-for-like basis (excluding Commute) capital expenditure increased by 2% to $34.6 million compared to CY17.

Dividend

The Company declared a fully franked final dividend of 7.5 cents per share, bringing the full year dividend to 11.0 cents per share fully franked, compared to 15.0 cents in CY17.

The reduced dividend per share reflects the 71.7m shares issued under the Entitlement Offer in July 2018. Total dividends for 2018 up 5% over CY17.

The record date for entitlement to receive the final dividend is 5 March 2019 with a dividend payment date of 26 March 2019.

Dividend Reinvestment Plan

The company has implemented a dividend reinvestment plan ("DRP") which will operate for the final dividend. The last date for receipt of the election notice for participation in the DRP is 6 March 2019, the day after the dividend record date. Terms and conditions of the Company's DRP are available on the oOh! investor website.

Outlook and guidance for CY19

oOh! remains confident of continued growth in the Out Of Home sector in 2019.

The Board of Directors takes the opportunity to provide guidance for the year ending 31 December 2019 ("CY19") for Underlying EBITDA range of $152-162 million. This Underlying EBITDA guidance excludes integration costs of circa $7 million and the impact from the change in accounting standards to AASB16. This guidance incorporates an operating expenditure increase range of 5% to 7% on the pro-forma[4] combined operating cost base, before taking into account synergy related costs and benefits. The Board continues its disciplined approach to capital expenditure with forecast capital expenditure range of $55-$70 million for CY19.

Revenue and earnings are expected to be weighted to the second half of CY19 in line with historical trends.

oOh!'s overall strategy continues to be focused on delivering long-term sustainable revenue and earnings growth to maximise shareholder value creation.

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[4] Pro-forma refers to CY18 combined with the management accounts for Commute for the period when it was not under OML ownership

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About oOh!media: oOh!media is a leading media company across Australia and New Zealand that creates deep engagement between people and brands through Unmissable Out of Home advertising solutions. Our connected offline and online ecosystem makes brands Unmissable across our diverse network of over 30,000+ locations across Australia and New Zealand helping brands connect with their audiences through powerful and integrated, cross format campaigns. Our unparalleled reach combined with industry best data, insights, media planning tools and technological innovation gives advertisers an added layer of campaign intelligence. oOh! delivers the reach, optimisation, engagement and impact to connect and influence audiences anytime and anywhere.